



Governor's tax plan needs careful inspection

Gov. Sam Brownback's proposal to shrink and maybe eliminate the state's income tax is a tantalizing proposal, but it contains some red flags.

The Legislature is advised to study it well before rushing to ease our tax burden.

For one thing, the governor is proposing to make up for income tax relief by, among other things, ending (on state returns) all itemized deductions, including the one on home mortgages, pretty much a sacred cow in this country.

What will voters think when they hear that?

And the governor wants to keep the extra cent tacked onto the sales tax two years ago, leaving the state's average rate (including city and county levies) at 7.66 percent, about average for this part of the country but nearly a penny more than neighboring Nebraska.

The governor says our income tax system puts Kansas at a disadvantage compared to states such as Texas and Florida, which have no personal income tax. The system is driving people out of Kansas, he says, providing figures to back that up.

His proposal calls for making the income tax structure "fairer, flatter and simpler" by going from three rates to two, 3 percent for people making under \$15,000 a year and 4.9 percent (down from 6.25 percent or 6.45 percent) for everyone else. That would make Kansas more competitive with nearby states, the governor says.

The plan would help small businesses by eliminating the income tax on non-wage income of limited liability and Subchapter S corporations and sole proprietorships. Low-

income Kansans would benefit from doubling the standard deduction from \$4,500 to \$9,000.

Corporate rates would be unchanged, and the state would keep the sales tax rate at 6.3 percent, the level it reached with an "emergency" increase under former Gov. Mark Parkinson.

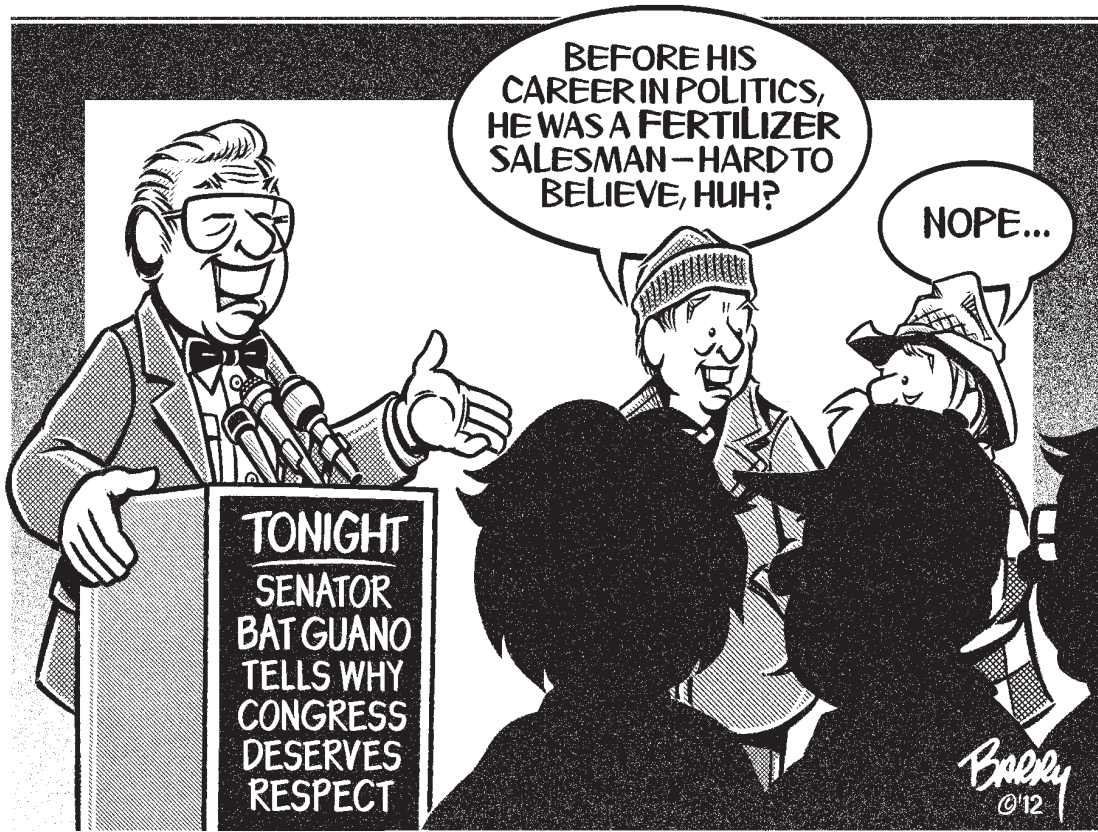
There will be a lot of questions about the sales tax. Many believe it's the hardest tax for low-income people to pay, but the governor's office says it has the least negative impact on economic growth. Many businesses, including farmers and manufacturers, do not pay sales tax on equipment they buy, but we all pay it on food and medicines.

Tax reform has its appeal, but it's a minefield. Someone benefits from all the credits and exemptions the governor would eliminate. And every adjustment the state requires from federal income figures could make state returns a little more complicated, not easier to file.

When the money is counted, many groups will oppose any change. The Democratic party already is having a field day picking apart the proposal, but then the Democrats already have said they want more money for the state to spend.

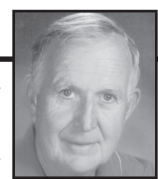
In the more liberal Senate, the leadership has named a commission to study the state's tax system which may come up with a competing plan. Meanwhile, conservative groups have announced plans to run candidates against a list of "moderate" Republicans who run the Senate.

It should be an interesting session in Topeka as the senators and representatives try to figure all this out. — Steve Haynes



Legislative News

By Ward Cassidy



120th State Representative

Informative reports from the Legislature, reports that include up-to-date information and also inform about the overall process, seem to be the columns most enjoyed by readers.

The first report of the year could be called State Budget 101. The state, in effect, has two budgets. The All Funds Budget, controlled by the Governor and his staff, is twice the size of the General Fund Budget. Last year, the All Funds Budget was just shy of \$14 billion while the General Fund was a little over \$6.1 billion.

The All Funds Budget includes the General Fund plus many dedicated funds, which must be spent on specified activities. All federal grants to the state (representing about 17 percent of the All Funds budget) flow into dedicated funds.

The Legislature has no control over how federal grants must be used, but it can change the laws governing state revenues used to pay for some activities (unless a federal grant stipulates state matching funds). For example, the State Highway Fund, the largest dedicated revenue fund at roughly \$1.4 billion, must be used to construct and maintain roadways. The highway fund receives its money from motor fuel taxes, motor vehicle registration fees, a dedicated portion of the state sales use tax and the federal government.

However, the Legislature (and governor's staff) often sees fit to re-direct sales tax money from the State Highway Fund to the General Fund to pay for what a majority perceive as more urgent priorities. The same thing could happen with the motor fuel tax.

The State General Fund generates the budget debates you read about in the news. As stated in

the governor's Budget Report: "The State General Fund receives the most attention in the budget because it is the largest source of the uncommitted revenue available to the state. It is also the fund to which most general tax receipts are credited. The Legislature may spend State General Fund dollars for any government purpose."

That being said, I read in the *Topeka Capital* that this year's session will likely be historic. As I have said all along, shoring up the Kansas Public Employees Retirement System, reforming Medicaid and school finance will dominate the session.

Wednesday night, the governor gave his "State of the State" address. The pomp and circumstance associated with the evening was rather impressive. The governor's new tax plan adds one more giant item to consider in this session. It is still too early

to give you my opinion of how it will affect us.

Last Tuesday, I was invited to the governor's home with several other legislators to discuss his school finance plan. I would have to say, at this point, there would need to be a lot of changes before western Kansas could support it.

Being put on a power committee (Appropriations) has added a lot more work to my daily schedule and a lot more people wanting to know my thoughts. My thoughts are always — "What is best for northwest Kansas and the state of Kansas?"

I appreciate input from my district and will respond to the best of my ability. You may reach me at ward.cassidy@house.ks.gov.

Casey's Comments

By Casey McCormick



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At one point several years ago I thought I had lived a complete life. I'd seen a few things and thought it had all been done. Everything would be down hill from here.

But then the dear Lord chose to change everything and give me a son.

Joey was born when I was 35. Frankly I had reached a time when I doubted that the McCormick line was going to get much help from me. But my experiences weren't done and I had to give parenthood a whirl.

Now I have a 16-year-old boy.

Actually I should clarify that with a "we." My wife Lezlie and I have five wonderful kids, although only two remain at home.

Having children is a true blessing. Life seems to give you more when you are dealing with it on terms of a group rather than on your own. But by getting more sometimes you experience bitter lows between the plateaus and peaks. There is nothing like watching your kids succeed. However you also must help them along when they fall into the valleys of living and learning.

I haven't figured it all out yet. I don't know why we, or the ones we love, get thrown a curve ball from time to time. But I do know that looking back at the summits and pits we've had as a family has made my life much, much richer indeed.

Best wishes to all the other parents out there that are learning as we go. And thanks to our folks who did the best they could with what they had.

Reader unhappy with city rates

To the Editor, I agree with Larry Wilson, the city is indeed taking our cost of living increase. Mr. Wilson claims that between his wife and himself they create about a 30 gallon bag a week, as a single guy I am not able

Letter to the Editor

to fill a 30 gallon bag in a whole month. I have been at the same address since the first of July 2011 it took me two and a half months to fill my 90 gallon dumpster the first time, still working on the second filling, almost four months this time. So at \$11.50 a month for trash that comes to about \$28.75 to haul away my first dumpster

full. And about \$46 for the second dumpster full. And yes I have been a faithful recycler too- that, too may change in the near future. And I did not even add in the new trash fee increase. I will echo what Larry said. "Speak up people or lose!"

Kyle Harvey St. Francis

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GOD SAYS
But whoso committeth adultery with a woman lacketh understanding: he that doeth it destroyeth his own soul.
Proverbs 6:32

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